

How the Illinois Central  
**cut dining car deficit**  
33% in four years . . . p. 25

June 5, 1961

# RAILWAY AGE WEEKLY



## FRISCO'S TWO-JOB 'MARRIAGE'

Shippers are getting better service and employee morale has been boosted since the road combined the operating and traffic functions on its Central Division. The plan, in effect for over a year, has been hailed for its role in traffic-orienting future superintendents who are on their way up through the Frisco's ranks

. . . p. 12



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2093  
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2900  
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The railroads' battle for the "four freedoms" can be successful only if it is backed by the understanding support of public-spirited citizens ..... p.42

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dropped to 1,547,550 on May 1, compared with 1,611,749 on May 1, 1960, according to the AAR. Total ownership was 1,710,869 cars, but 163,319 were awaiting repairs.

**Largest share of the nation's freight bill . . .**

now goes to privately-operated trucks, reports Dun's Review. Reason for the shift to private carriage, says the publication, is the "regulatory jungle" that ensnarls common carriers.

**Incentive per-diem bills . . .**

will get a public hearing before the Senate Commerce Committee's freight-car shortage subcommittee beginning June 13. Purpose of the bills is to stimulate car-buying.

**Railroads operating in Virginia . . .**

have asked a special Advisory Legislative Council for relief from discriminatory taxes—including taxes imposed by the state on gross transportation receipts and rolling stock.

**N&W and C&O have asked the ICC . . .**

to approve their purchase of Island Creek Fuel and Transportation Co., a privately-owned barge line hauling coal on the Ohio River (RA, April 10, p. 11).

**A Western Pacific complaint . . .**

has prompted the ICC to launch an investigation of allegations that Southern Pacific stock interest in WP violates the Interstate Commerce and Clayton acts.

**Trailer Train's piggyback car pool . . .**

will total 7,278 units with delivery of a newly-authorized 500 cars (see page 35). This is the second 500-car order of 1961 for TTX.

**Current Statistics**

Operating revenues	
3 mos., 1961 . . . . .	\$2,128,831,304
3 mos., 1960 . . . . .	2,411,781,592
Operating expenses	
3 mos., 1961 . . . . .	1,781,378,954
3 mos., 1960 . . . . .	1,913,520,598
Taxes	
3 mos., 1961 . . . . .	228,698,551
3 mos., 1960 . . . . .	266,396,272
Net railway operating income	
3 mos., 1961 . . . . .	23,193,025
3 mos., 1960 . . . . .	147,036,382
Net income estimated	
3 mos., 1961 . . . . .Def.	13,000,000
3 mos., 1960 . . . . .	99,000,000
Carloadings revenue freight	
20 wks., 1961 . . . . .	10,152,697
20 wks., 1960 . . . . .	11,987,811
Freight cars on order	
May 1, 1961 . . . . .	13,658
May 1, 1960 . . . . .	41,003
Freight cars delivered	
4 mos., 1961 . . . . .	12,280
4 mos., 1960 . . . . .	19,429

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# Coal: Rail-to-Barge by Pushbutton

► **The Story at a Glance:** A push-button rail-to-barge coal transfer facility is being constructed at Florence, Ala., by Transportation Services, Inc. The entire operation — including coupling and uncoupling, switching, opening and closing doors on the hopper cars and operation of a 44-ton switching locomotive—will be controlled remotely by a single operator in a centrally located coal tower. Capable of handling 3,000,000 tons a year, the system will make it possible to unload and set out for return a 4,000-ton coal train in two-and-one-half hours, says Transportation Services President O. B. Keister, Jr.

Coal from West Kentucky mines traveling via L&N and Tennessee River barges to TVA's Colbert steam plant will soon be spending less time en route. Improved efficiency in handling, and a corresponding improvement in car utilization, will be made possible by new remote control transfer facilities going up at Florence, Ala. Scheduled to begin operations July 11, the transfer facilities will be capable of handling up to 3,000,000 tons a year.

When full operations begin, the new

facilities will be able to handle from 1,700 to 2,000 tons an hour, according to O. B. Keister, president of Transportation Services, Inc., operators of the new plant. Mr. Keister, former assistant to the president of Louisville & Nashville, left that railroad last February to become the head of his own company. Besides the Florence plant, Mr. Keister says, Transportation Services, Inc. will design and sell automated facilities for rapid unloading of coal at rail-to-barge terminals and at steam generating plants.

Key to smooth performance at Florence is the extensive use of remote control devices for operations that would normally require a lot of manpower.

Incoming trains will come in on the loaded track. L&N crews will cut off the motive power and run out on an empty track. Then the Transportation Services remote control equipment will take over.

The switching engine is a 44-ton General Electric diesel-electric switcher. It is equipped so that every operation normally controlled by a crew in the cab—throttle control, brakes, forward and reverse operation, sanding, bell-

ringing, etc.—can be controlled remotely by the operator in the tower.

The remote-control equipment is of the inductive type, operated by a line wire parallel to the tracks. Equipment for the locomotive controls is being manufactured by the Union Switch & Signal Division of Westinghouse Air Brake Co.

The new facility is being built on a peninsula in the Tennessee River. B. H. Craig Construction Co. of Florence is the contractor. A conveyor system designed and engineered by the Link-Belt Co. runs from the hopper to the end of the pier. When the loaded train has arrived, the remote-control switcher will cut off 10-car cuts and move them over the hopper.

As the cars move over the hopper, the operator in the tower 130 ft away will be able by pushbutton controls to operate motors that will first open and then close the doors on the car. The remote-control equipment has been designed to operate with conventional hopper cars. After each ten-car cut has been unloaded, the engine will shunt empties down the empty track. As succeeding cuts of cars are unloaded, the

## Open Letter to the Washington Post

Mr. Frank C. Porter  
Staff Reporter  
Washington POST  
Washington, D. C.

Dear Mr. Porter:

I'm taking this unusual and public approach to tell you how much we at Railway Age appreciated your recent feature article entitled, "The Future of the Passenger Train."

Our interest stems from two things. We're delighted, first of all, at your using our May 15 passenger traffic issue as a source of information for your story. This was our hope in sending copies of the issue to 93 major newspapers across the country. We have a continuing interest in helping our industry and when we have a worth-while message we are pleased to share it with newspapers such as the POST.

The second basis for our interest

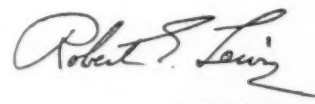
in your story is the fact that you have helped place a segment of today's railroad "problem" before national legislators and members of the Executive Department. The POST, we know, is widely read in Washington. There is no doubt that your thoughtful story was seen by many lawmakers.

It seems, at times, that railroaders have spent most of the past decade talking to each other. But there has been a slow and steady building up of public awareness of this industry—of its regulatory headaches, its uncommon competitive handicaps, its sometimes delicate financial condition. Such awareness found voice, at least in part, last January with the issuance of a special Senate study, the so-called Doyle Report.

We felt portions of this report had not received sufficient attention and so, in preparing our May 15 passen-

ger issue, our editors set about, as the saying goes, to "rework the mine." That you have given further emphasis to this approach is indeed gratifying.

You may be sure, in the months ahead, that Railway Age will be projecting the industry's story in other special reports. These issues, or special news releases about them, will continue to be circulated to the daily press and wire services. We hope that you and your associates will find these stories of timely interest and will feel free to use them. If we did less than this we wouldn't be doing the right kind of job for our industry.



PUBLISHER

empty train for the return movement will be built on this track, ready for the L&N crews to pick it up and move it out on the return trip to the mines.

Present plans call for five-day-a-week operations when the plant opens. This could be increased to six-day operations if the need arises, Mr. Keister says.

With the new facilities capable of handling 1,700 to 2,000 tons an hour, Mr. Keister points out, a 4,000-ton train can be turned in a little more than two hours, and a single operator can unload 3,000,000 tons of coal a year. "Fast turnaround can reduce operating costs," Mr. Keister adds. On the L&N's 240-mile run from the mines to Florence, the fast turnaround will help make it possible for the equipment to be carrying loads every other day, instead of just a few days a month, Mr. Keister points out. "I've been hipped on improving turnaround service for a long time," he says. "With costs what they are, railroads have to move more vol-

ume of coal with the same units if they want to stay in business."

## Pending Bills Would Erase TOFC Gains, Warns Lasher

Rate bills now before Congress could "cut piggyback's throat," Gen. E. C. R. Lasher, president of North American Car Corp., told the Pacific Coast Shippers Advisory Board at San Francisco.

General Lasher said "Hoffa pressure" is being exerted to reverse the rate-making freedom railroads won in the 1958 Transportation Act. His reference was to Teamster President James R. Hoffa, a vigorous supporter of legislation designed to water down the 1958 act.

The bills now pending, General Lasher asserted, "would wipe away just about every gain that piggyback has made for this nation's distribution system. It would set back that inevitable

day when the various modes can combine to offer our industrial machine maximum service at minimum cost."

"It is a fact," he added, "that regulation has never—nor figures ever to—make distribution cheaper. So distribution progress has been steadily atrophied, rather than instilled with new vigor. Yet distribution remains the one area of cost for industry where reductions must come, if our industry is to face the increasing onrush of foreign competition. How then can government, hungry for greater tax revenue, reduce the earnings potential of industry by inhibiting progress in the one general area that offers greatest potential for increased earnings? These . . . bills would do just that."

General Lasher called for a "realization on the part of all facets of industry that those who manage and those who labor must work together for the common good; that economic failure is a poor price to pay for job security."

## WATCHING WASHINGTON WITH WALTER TAFT

• **REA EXPRESS' "SURVIVAL" BILL** has been passed by the House of Representatives. It is now before the Senate Committee on Post Office and Civil Service. The bill, H.R.1986, proposes to repeal provisions of the 1916 Mail Pay Act which authorizes the Postmaster General to ask the ICC for information as to railroad rates paid by express companies and to demand rates on a like basis for transportation of mail, other than first class.

**SUCH REQUESTS** for information have been made by the Post Office Department as maneuvers in mail-pay cases of the post-war period. ICC denials did not end the maneuvering, so the Commission, since 1958, has been recommending that Congress repeal the provisions.

**THE ICC ARGUMENT** is that the law in issue has become obsolete. That is also the contention of REA Express, the railroads and other advocates of repeal, including the National Association of Railroad Utilities Commissioners, the National Industrial Traffic League and unions representing railroad employees.

**THE OBSOLESCENCE**, they say, came with transfer of the express business from the former private companies to "the railroads themselves" for handling by their common agent—REA. Thus, there have been no railroad rates for transportation of express matter since 1929.

**WARNINGS** that REA Express' survival is at stake were to the fore in the House debate. It was pointed

out that a major phase of the REA reorganization plan is scheduled to become effective July 1. And the 1916 law was identified as the "single barrier to the successful launching of this new era" in express operations.

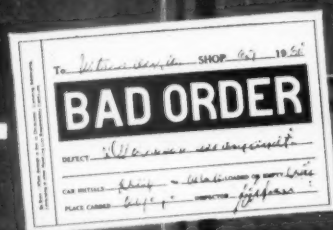
**IT WAS EXPLAINED** that the railroads "might be forced to abolish REA" rather than take the chance of incurring losses in mail pay which would come if the Post Office Department succeeded in having the "obsolete" law enforced. Other than making its unheeded pleas at the ICC, the department has not undertaken to have the law enforced.

**BUT IT OPPOSES** the repealer. And the House debate included reference to estimates indicating that the difference between REA payments to the railroads and what the Post Office pays for similar shipments "is somewhere between \$50 and \$100 million annually."

**OVERWHELMING HOUSE SUPPORT** for the repealer was pointed up by a 345-to-16 defeat of a motion to send the bill back to the Committee on Post Office and Civil Service with instructions to add a nullifying amendment. The House then followed through to pass the bill without a record vote.

**THE DEFEATED AMENDMENT**, of course, may be proposed again in the Senate. While leaving the repeal provision undisturbed, it would nevertheless have required the ICC to determine each year the difference between REA payments to the railroads and mail pay on other than first-class matter.

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# 'Super' Doubles as Salesman

► The Story at a Glance: "In the area of dependability-vs-schedules lies one of the constant sources of conflict between transportation forces and sales personnel. The latter often use paper schedules to influence the routing of traffic, only to be later penalized by the shipper for the transportation department's inability to perform."

So begins Subject Committee No. 3's report to the American Association of Railroad Superintendents' meeting this week in Chicago.

Such "conflict" happens on the ABC Railroad. It happens on the XY&Z. It may even happen, on occasion, on the SL-SF—but not on its Central Division. Superintendent Joe F. Christian, at Fort Smith, Ark., is also District Manager-Sales Joe Christian—two jobs, one man. The dual-duty job arrangement has won approval from shippers as well as from all ranks of employees.

Follow Superintendent — District Manager-Sales Joe F. Christian around Fort Smith, Ark., for a day and two things happen: You get tired; and you begin to realize that Frisco is taking advantage of a rare (on its property) opportunity to weld the operating and traffic functions into one cohesive, efficient, customer-pleasing unit.

Frisco has no intention of combining the top operating and traffic jobs all over the railroad—most places, it wouldn't work. But just about every superintendent working his way up through the Frisco's operating organization sees a tour of duty on the Central Division. And the dual job that 35-year old Joe Christian has been trailblazing for the past year and a half will be held, in future years, by other young superintendents. Then they'll move on, after a few years—perhaps to Springfield, Mo., or Tulsa, Okla., or

Memphis, Tenn.—and they'll take with them a new appreciation of the close kinship traffic (sales) and operations (service) must have on a railroad that aims to keep its customers happy.

Central Division isn't Frisco's busiest—but it's gaining new traffic, as the territory's industrial development continues to boom. (The largest single industrial start by private industry in the U.S. last year was a \$10-million appliance manufacturing plant—and it's on the Frisco at Fort Smith.)

Central Division is 549 miles of road in the shape of a cross—301.8 miles north-south from Monett, Mo., to Paris, Tex., via Fort Smith; 226.6 miles east-west from Hope, Ark., to Ardmore, Okla., via Hugo, Okla., where the east-west and north-south lines cross; and 21.1 miles in two branches sprouting from the north-south line.

The Central Division has only one daily passenger train—a Monett-Fort Smith turn that connects with Frisco's St. Louis-Tulsa-Oklahoma City "Meteor." In freight service, the division has a daily move each way between Monett and Fort Smith; tri-weekly service each way between Fort Smith and Paris; Hope and Hugo; Hugo and Madill, Okla. Extra trains provide service on the two branches and between Madill and Ardmore.

Operating conditions, however, aren't easy. The Monett-Fort Smith line, for example, winds its way through north-west Arkansas's Boston Mountains and boasts Frisco's only tunnel. And it's a competitive territory, where Frisco vies for traffic with several other Class I roads and innumerable truck lines. Fort Smith itself is served by four railroads (Frisco, Missouri Pacific, Kansas City Southern and Midland Valley) and several dozen motor carriers.

Joe Christian had been Central Division superintendent for about a year prior to Jan. 1, 1960, when the district manager-sales retired and Frisco's job combination plan went into effect.

What's happened since then has won unqualified endorsement at all levels—from switchmen to vice presidents:

- Operating employees seem to have gotten a morale-booster from the added responsibility placed on their boss.
- Traffic representatives can talk over service factors with shippers more confidently—because the man they report to is the division's chief operating officer, as well as its top sales officer.
- Other departments have taken their cue from the operating-traffic

## Frisco Officers Hail Two-Job 'Marriage'

"In December 1959 a plan was formulated to consolidate the position of Division Superintendent with that of District Manager-Sales on the Central Division.

"While this is one of our lighter density territories, industrial development of the area is progressing at a better-than-average rate.

"Thus far the plan has been quite successful. In our opinion the advantages are many-fold, some of the principal ones being:

"1. More effective liaison with customers at both the operating and traffic levels. Many complaints are handled 'on the spot.'

"2. The broadening of people. It will be most advantageous in the future to have people available with experience in both the traffic and operating departments.

"3. Expedited handling of leases, contracts, track installations or rearrangements, and other matters pertaining to industrial development.

"4. The opportunity to traffic-orient all employees.

"We believe the success or failure of such a program depends to a great extent on the personality and experience of the individual. In this instance we feel the plan is bringing excellent results."

—L. W. MENK  
Vice President-Operations

"From the standpoint of the Traffic Department, we feel that the opportunity provided an operating man in the Fort Smith arrangement will give him a much broader background which will serve him in good stead at operating or any other assignments elsewhere. His total responsibility to shippers in the Central Division embraces every facet of both Operations and Traffic.

"In short, he either has to sell what he produces, or produce what he sells. If he is deficient on either score, viz., 'producing' or 'selling,' he can turn only to his own alter ego.

"We do not believe at the moment the Fort Smith arrangement can be duplicated widely on the Frisco because of the specific circumstances pertinent to most of our Traffic and Operating Divisions.

"However, we believe that since almost every superintendent under our plan of training in advancement serves at Fort Smith at one time or another, he will carry on to his new assignments an intimate knowledge and experience in traffic which, in combination with his operating training, will improve the overall responsiveness of the Frisco to shipper requirements."

—J. E. GILLILAND  
Vice President-Traffic, Industrial Development





## ALL IN A DAY'S WORK

**8:40 a.m.** With R. K. Rodgers (right), president of the First National Bank, board chairman of First Federal Savings of Fort Smith, and an influential figure in Arkansas politics: "Mr. Rodgers, I'd like to tell you about these two Senate bills, 1089 and 1197, and let you form your own opinion as to whether bills like these, detrimental to the shippers and the railroads, should be passed. . . . You can help us to make things equal, in transportation competition."

hook-up. One of the big advantages of the consolidation was the centralizing of all departments in Fort Smith in the division office (various departments had been scattered around the city in five different locations). And, as Joe Christian comments, inter-departmental cooperation—mechanical, engineering, operating, traffic—"was better in 1960 than I've ever seen it."

• L. W. Menk, vice president—operations; and J. E. Gilliland, vice president—traffic and industrial development, are enthusiastic about the dual role Mr. Christian is playing—not only for its effect on the Central Division, but also for its potential as a means of traffic-orienting tomorrow's superintendents on their way up through Frisco's training-in-advancement program.

What's Joe Christian's opinion of the past 17 months?

"It's been the most valuable experience I've had on the railroad. It's given me a new insight on the traffic fellow's problems. The responsibility of getting the business and then properly handling it has brought me to think in terms of the overall picture, rather than of just one function—and that'll stick with me wherever I go on the Frisco."

How does his time divide between operating and sales responsibilities?

"When I was just superintendent, sometimes I wondered how I'd get everything done that I had to do. Now—through delegation—I find I can give a substantial amount of my time to traffic. It needs that time—because the potential's so big."

Overall, has the combination of jobs been worthwhile?

"Definitely. It's been highly satisfactory. When we started, we went into a full orientation of our people, as to what was happening—because we wanted everybody to feel that protecting the company's business and interests is of prime importance. And I think one of the big reasons the pro-

(Continued on page 16)



**9:45 a.m.** Back to division offices with Tom Patton, traffic representative. Christian: "How are you coming out with those carloads of pipe?" Patton: "If there's a rail movement involved, Frisco is to get 100% maximum haul." Christian: "Be sure to tell each district manager-sales about this. Have it on their desks tomorrow morning."



**10 a.m.** With Bob Rice, chief clerk to the superintendent. "How about the new timetables—have they all been sent out?"



**10:32 a.m.** On the phone to the superintendent transportation's office. "Have we solved that problem with the big load (a kiln moving from Paris, Tex., to the cement plant at Foreman, Ark.)? I'll check to see if we've got any 5-degree curves on the Arthur and Arkinda Subdivisions. We'll have to wire restrictions to the district manager-sales in Houston today."

J. M. BUDD  
PRESIDENT



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*John M. Budd*

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## 'SUPER' DOUBLES AS SALESMAN *(Continued from p. 13)*



**11:10 a.m.** With Sam Griffin, assistant division engineer. "Sam, we have to get restrictions on that kiln move to the district manager in Houston. Can you check curvature for me?"



**1:20 p.m.** After lunch with F. L. Reese, Jr., traffic manager of a local firm and William Harder, a former Fort Smith Chamber of Commerce president (at left); Joe Christian and Tom Patton join James Beckman (center), owner of a Fort Smith dairy, for a quick scan of a U. S. Chamber of Commerce publication summing up the city's industrial development successes.



**3:05 p.m.** After phone checks with Fayetteville and St. Louis and an hour's paperwork, it's out to the yard with General Agent Marlowe, to talk with Sam Ebert, crew foreman.

**4:30 p.m.** Back to the office for a final check on the division and the wrap-up of the day's paperwork. Then off to dinner—but not farewell to the working day.



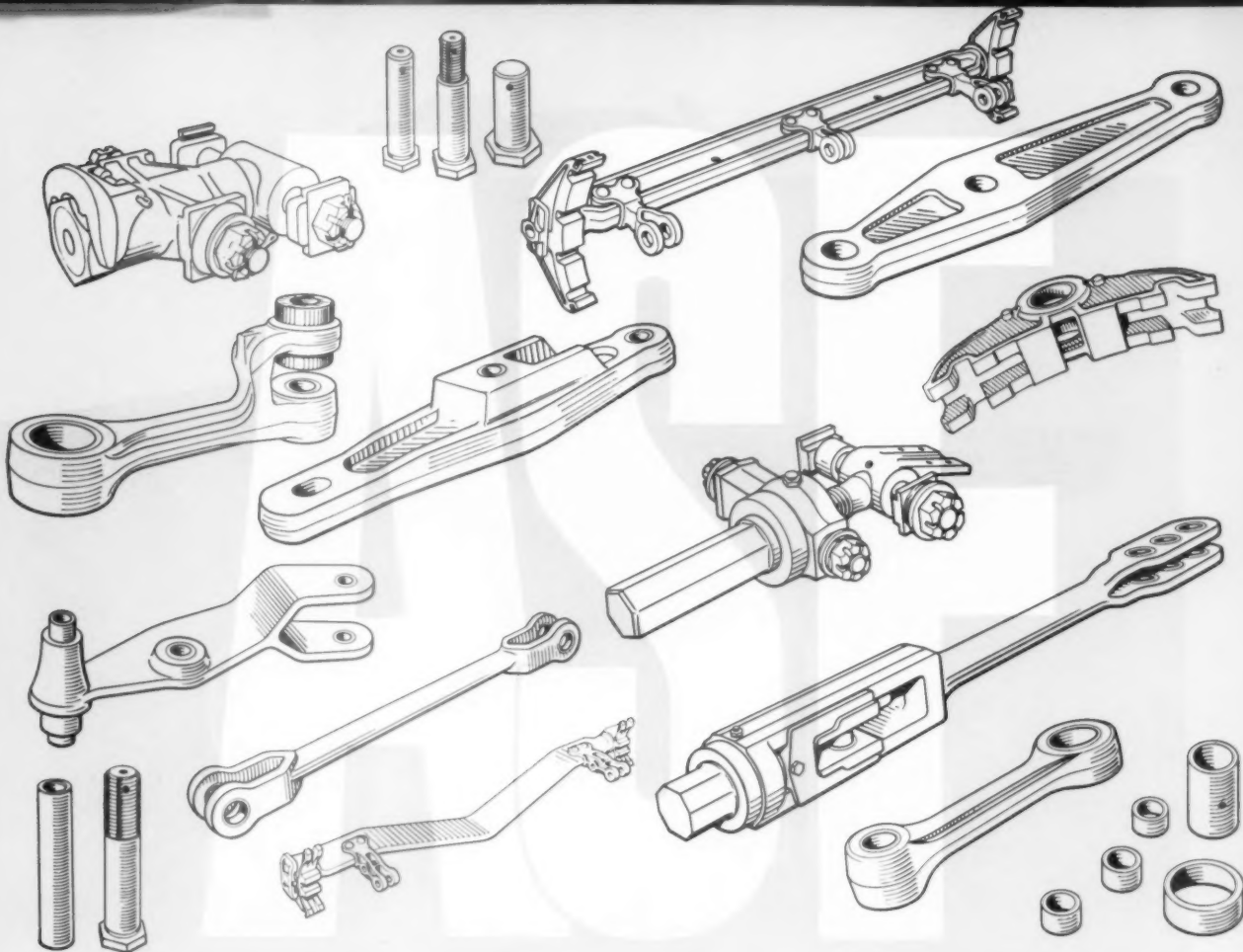
gram has worked so well is the caliber of supervisors and employees on the division. I'd say the consolidation, as it's worked out, has definitely been for the betterment and growth of the division and the company."

\* And what's the shipper's reaction been?

"They're happy, too. They're getting better service—for example, we haven't had one complaint in the last six months that we didn't settle the same day we got it. And we're able to give faster service on industrial leases and options. Before, this could involve a series of calls and memos back and forth between Fort Smith and Springfield and St. Louis. Now, we can handle most of the details right here in the office—and we can do it without delays."

The photographs accompanying this article show Frisco's superintendent—district sales manager during a day's work that varied only a bit from the typical. The day began with arrival at the office about 8 a.m. It ended with departure for home more than 12 hours later.





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# Editors Afield—'A new frontier in selling'

**Highland Park, Ill.** — General Manager-Sales R. C. Grayson surveyed 17 Frisco salesmen seated around the breakfast table, and got the show moving. "This," he said, with feeling, "is not a staff meeting."

Over the 20 hours (plus) of intensive instruction and discussion which followed, that day and the next, the 17 salesmen came to know what Dick Grayson meant. This wasn't a staff meeting, with its usual discussions of schedules, service, facilities, quotas, policies, and so forth. These subjects are discussed in monthly sales training meetings and are supplemented by detailed sales manuals distributed from the general office. It was, instead, a concentrated course in human relations in selling—aimed at increasing the individual salesman's awareness of the more subtle aspects of sales work.

About an hour of the program was devoted to "Trends in Business and Transportation," presented by W. H. Cramer, Jr., director of traffic research; and another hour to "Coordination of Pricing and Selling," by H. V. Cook, general freight traffic manager, and E. G. Kreyling, assistant general freight traffic manager. And for about 18 hours, Frisco's director of supervisory training, Verne C. White, and his assistant, Richard E. Hill, ranged far and wide in the area of pure human relations and its application to the sales function.

They started off with a brief rundown of the overall intent of the program; a working definition of human relations (the study of the way people react to people, of the position of one with regard to another, of interpersonal relationships); and an outline of the why of human relations (selling is a personal thing—and basically, a salesman succeeds or fails to the extent that he can understand and adjust to people).

The remaining time on the first day was devoted to four areas:

- Individual differences in people—how they differ, how heredity, environment and the interaction of the two influences shape personality.
- Needs and satisfaction as factors in selling—why it's essential to understand that the important principle in salesmanship is not only what the product or service is, but also what it will do for the customer; why the good salesman must forget his own self-interests

and consider the interests, wants and needs of the customer.

- Attitudes—how they influence behavior, how they can get in the way of objectivity, how they affect the individual's organization of his environment and the way in which he reacts to various problems.

- Communications—the importance of being a good listener; how symbolic and empathic communication work; what the barriers to effective communication are—and how the effective salesman acts to overcome these barriers.

Then, after dinner, Frisco's 17 salesmen were divided into five- and six-man groups to discuss and prepare reports on two "short stories" they'd received several weeks before the meeting. One story concerned a good salesman; one involved a better salesman. The assignment: Analyze the two men, spot their strong and weak points, tell how they could improve themselves.

Next morning, all the loose ends of the previous day were tied neatly into place. The Frisco men made their reports on the two "short story" salesmen—then they watched the pair in action, in a film, and launched into further discussion. Points made by Verne White and Dick Hill in the previous day's sessions kept cropping up, as Frisco's 17 showed an increasing awareness of the role of attitudes, personality differences and effective communications in selling.

And after lunch, the group had an opportunity to put in use what they'd learned, through two training-aid films demonstrating methods of engineering agreement with other people. "Typical" prospect objections were flashed on the screen—and it was up to Frisco's salesmen to say how they'd meet those objections, how they'd use open or directive questions or reflective statements to turn apparent disagreement into agreement.

If there's a one-paragraph statement of Frisco's intent in holding these training sessions, it's this: To teach situation management, not the canned approach; to promote customer awareness; and to demonstrate to the salesman why it's necessary to keep the customer's interests uppermost in mind.

All of the railroad's salesmen have now attended the two-day course, which Frisco regards as unique among railroads and uncom-

mon even when all industry is considered. J. E. Gilliland, vice president-traffic and industrial development, puts it simply: "This program . . . will, we believe, open a new frontier in the field of transportation selling. We believe today's transportation salesmen must have more qualities than a firm handshake and a flashing smile. It's our objective to have our sales and service representatives recognized as the outstanding group in our industry."

Salesmen are reacting enthusiastically. Over the 10 two-day sessions required to reach all of Frisco's sales staff, they've showed similar reactions. In the beginning (breakfast and an "icebreaker" session at 7:30 a.m.), they're perhaps a little hesitant at speaking out too freely. But both Verne White and Dick Hill are expert at drawing out an audience, and by the time the course is halfway through its first session, participation builds to a peak which sustains itself through to the end. Salesmen are told when they break up into discussion groups to analyze the "short story" salesmen that they may need an hour or more to collect and summarize their thoughts. But more often than not, the buzz sessions last two, even three hours—and the salesmen pick it up again as soon as they sit down to breakfast the second day (at 7:15 a.m.).

It's worth noting, incidentally, that Frisco has taken every possible step to pack as much as possible into as little time as possible. The sessions, whether they're held in Springfield, Mo., San Francisco, Atlanta or, in this instance, Chicago, are scheduled for a hotel or motel away from the main part of town. All meals are taken together—and breakfast comes early. Groups are kept small—averaging about 20 men per meeting. And every effort is made to encourage maximum participation by each man. As it's worked out, few need much encouragement—and all seem to be profiting. Or, as one salesman commented as the course came to a close: "That's the darndest sales meeting I ever attended—and, you know, I think the best."

Frisco began its program with a two-day session in San Francisco in late March, then moved on with three classes in Springfield, Mo., one in Birmingham, Ala., one in Atlanta, Ga., two in Chicago, one in New York and one in Dallas, Tex.

—Gus Welty



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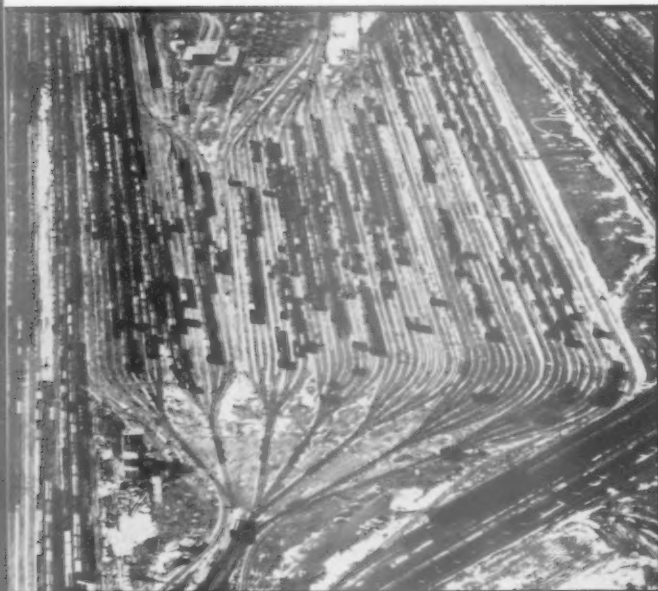
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**C. J. BUESCHEL**, IC's general superintendent-dining service, will be a 35-year man with the railroad next year. He started with IC in the passenger department in 1927 (after four years with Canadian Pacific Steamship Company), and transferred into the dining car department in 1943.

**PALM GROVE CAFE**, added to the "City of Miami" consist last December, complements the luxury service offered in the train's two-unit dining car. It provides a varied menu—but its atmosphere is more casual.



## How IC Cuts Dining Car Deficit

► **The Story at a Glance:** Illinois Central's dining car department is bringing that comfortable, after-dinner contentment to both its bosses: management and customers. The dining car deficit is dropping steadily—and the quality of the food and service is staying up.

IC's cost-cutting efforts have made significant reductions in the annual net loss—but the costs are cut like a careful housewife trims a roast: Only the fat is pared away. The result: Passengers who eat in IC's rolling restaurants leave the diner happy; and the railroad, too, can afford a smile, since playing the gracious host isn't quite so costly as it used to be.

C. J. Bueschel cheerfully concedes he enjoys a good dinner as much as the next fellow does—which might be a dangerous outlook for a general superintendent of dining service in an era when dining car operation in many areas is most notable for the size of its deficit.

Mr. Bueschel the Illinois Central's general superintendent-dining service, manages, however, to combine a dedication to the art (or science) of feeding people well with the sobering realization that no dining car department works on an unlimited credit-card basis. The results are impressive.

Over the past four years, for example, IC has cut its annual net loss

from dining service by 33.59%. From a high of \$868,863 in 1957, the deficit dropped to \$765,497 in 1958, to \$690,291 in 1959 and to \$577,004 last year.

By comparison with other roads, IC's figures look good. To gage his road's standing, Mr. Bueschel keeps track of the ratios from five lines—IC and four other carriers whose total dining car revenues are in the same range. In 1960, dining car operating ratios of the five lines varied from 134.70% to more than 185%. IC's was the 134.70% figure. Wage ratios ranged from 66.25% to more than 95%. Again, IC's was the lowest—and that's really the significant figure, since the big opportunity for dining car department savings lies in that one area.

Like commuter service, dining car operation is strictly a peak-and-valley proposition. Crews must be available for peak periods—even though the peaks may account for only a few hours of the total time a crew is on duty. A restaurant can schedule its work force to its specific needs at a given time—but when IC's "City of Miami" leaves Chicago, for example, it must carry the dining car crew needed for a peak-period operation. And the crew stays aboard for the full, four-day Chicago-Miami turn.

So, as Mr. Bueschel puts it, "You trim labor cost to a point as low as you can, consistent with good service.

Then you start in again to seek new labor-saving means."

Train discontinuances have enabled some roads to cut into dining car deficits—but this hasn't really been a major factor in IC's improved showing. Actually, IC's dining car department is operating more cars today than it did two years ago. What's made the difference has been a shift in the type of equipment and service emphasized. IC has recognized the trend to casual living by turning (to an extent) away from high-cost, traditional, formal dining cars and substituting units such as the Palm Grove Cafe cars on the "City of Miami."

Up until last December, the train operated with two standard diners with regular menus. Then IC substituted the Palm Grove Cafe for one of the standard cars and made both management and patrons happier. The cafe car has space for 24 passengers at a counter and at tables (there's also a lounge section)—and its operation requires only two cooks, a waiter-in-charge and a waiter, instead of the 10-man crew needed to keep a conventional diner running.

Mr. Bueschel believes this type of equipment may offer a form of salvation for dining car service. In the Miami's case, it's enabling the railroad to save money and at the same time to provide passengers with a choice of

*(Continued on page 28)*

# 3 SIMPLE STEPS TO REDUCE YOUR HOT BOX PROBLEMS

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**1** **Keep oil in box.** New Absco dust guard helps keep oil in, dirt and water out. Engineered for long life. Fills the well . . . doesn't drop down onto journal when axle shifts laterally, doesn't get damaged when axle moves back. Yet it can follow under severe impact or misalignment.

**2** **Feed oil to bearing.** Improved Absco lubricating pad\* holds and feeds ample quantities of oil under all operating conditions. Simple, economical, durable, easy to install and remove. Can be effectively renovated for long life.

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**3** **Stabilize journal assembly.** A quick, simple method is to install the Absco positive control flat back bearing† in place of the conventional steeple back bearing. No alteration or modification to the box or axle is necessary. Proved effective in road tests extending over the past 36 months.

†A.A.R. approved for limited application for test in interchange service.



services—deluxe in the standard, two-unit diner, or economy in the Palm Grove Cafe.

Something similar rescued dining service on IC's Nos. 3 and 4 between Chicago and Memphis, Tenn. Regular diners came off a few years ago, and the road first tried to maintain service with buffet lounge cars. It didn't work. Neither management nor patrons were satisfied. The cars were picking up food en route, and as result no two cups of coffee tasted alike and quality varied on the rolls that went with the coffee.

So IC began looking around. It found a Chicago company which developed a propane-fired coffee urn (two-gallon capacity), which eliminated the coffee problem. Then it turned up a Chicago bakery which could film-wrap and seal rolls so they'd remain fresh up to four days. Cost of the packaging: 1 cent per roll. IC adopted both innovations—and today it's making money on the operation of dining service on Nos. 3 and 4.

Then there's the "Creole," which formerly carried a standard diner to serve dinner northbound between Champaign, Ill., and Chicago. IC substituted a simplified-service car (operating Carbondale-Chicago and serving lunch as well as dinner) with a "lunch-basket" menu—open-face sandwiches in a basket, plus such standard items as ham and eggs and hamburger steak. Prices are lower—which made the patrons happy. And food costs and crew expenses are lower (three men, instead of nine, work the car)—which makes

## 'Panama Limited' Riders Can Dine Well

IC's Cliff Bueschel has 26 dining cars operating under his direction—but the "Panama Limited" service is the joy of his professional life (which isn't overdoing things, since the Panama has a long tradition to maintain and stands today as one of the nation's two all-room trains).

A recent Panama dinner menu, for example, offered a choice of nine appetizers, seven entrees, two kinds of potatoes, two vegetables and nine desserts (plus six wines and eight liqueurs).

Top price on the menu, for a complete dinner: \$5.75 for the

Panama's charcoal broiled sirloin strip steak. Prime rib was tabbed at \$4.75, double rib baby lamb chops at \$4.50 and baked stuffed lobster tail (Chef Massie) and fricassee of choice poultry livers (Chef Middleton) both at \$4.00. It was even possible for a Panama traveler to get a full dinner for as little as \$3.75 (deep sea halibut steak).

The bill of fare on the "City of Miami" Palm Grove Cafe is a bit less imposing (and lower priced), but still gives the traveler a choice of seven "club specials," plus six sandwiches and three grill items.

the operation more palatable to the railroad.

While Mr. Bueschel has been out cost-cutting, he's also been alert to ways to increase revenues—and IC's ham-and-eggs department has taken on certain aspects of a general store.

Like a number of roads, IC sells decorated glasses—king-size old fashioned glasses and tubby cocktail glasses. It also sells salad dressing—the French dressing used on "Panama Limited" dining cars. And neither Mr. Bueschel nor his sympathizers on the IC misses an opportunity to promote merchandise sales.

The IC Magazine, for example, has run advertisements for both glasses and salad dressing. It has published photos

of the top glass salesmen—and even though there's no commission for crew members for making sales, waiters and lounge attendants promote sales enthusiastically.

IC put its glasses on sale in July 1960 and in six months sold 10,000 at \$3 per set of six. It started selling "Mainliner" French dressing and dispensed about 600 pints (at \$1.25 each) in the first six months. The main purpose of the merchandise sales, of course, is advertising—but IC's also managing to make a small profit on each sale, and for a dining car department no profit is too small.

The way Mr. Bueschel looks at the overall operation, however, success depends upon one factor alone—good morale. "If you've got it, you know the customer will get a good deal, and your people will give the kind of service that reflects well on the company."

Morale in IC's dining car department is made up of many things—a cheery wave and "hello" to crews as they check in at the main department office in Chicago; the opportunity to get training at a dining car school for cooks and waiters which the road maintains at Chicago; the knowledge that all the specialties of the menu have been carefully tested, many of them developed, in IC's schoolroom kitchen.

The results seem to disprove the contention that morale can't be good in an operation hit by heavy job losses. Mr. Bueschel and his supervisors are careful to clue the crews on changes before they're made.

"We push the idea that we've got to operate as economically as possible," he says, "and the men agree with that idea."



WAITERS AND COOKS are trained to do the job right. A full-scale replica of a dining car galley and part of the dining area serves as school for crew members (and the galley doubles as test kitchen for recipes that will turn up on dining car menus in future months).



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President, The National Safety Council

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# Magnuson Backs Alaska Rail Link

The Alaska International Rail and Highway Commission has reaffirmed its belief that it would be desirable to work toward establishment of all-rail service between Alaska and the continental United States by linking U. S. railways with the Alaska Railroad through a Canadian interconnection.

New emphasis, however, has been given expanded water transportation in a commission report submitted to Congress. This, Commission Chairman Sen. Warren Magnuson says, is because there are several areas which may be given better water transportation connections long before principal aims in

improved land transportation service are achieved.

In submitting the commission's report, Senator Magnuson also introduced a Senate resolution calling for U. S.-Canadian negotiations to implement the report's recommendations. The resolution further calls for establishment of a technical staff in the office of the undersecretary of commerce for transportation to work toward realization of the commission's goals.

Specific projects for consideration during the U.S.-Canadian talks, Senator Magnuson said, should include:

- Extension of the Alaska Railroad

to the Yukon border to connect with a Canadian railway.

- Exploration of methods to insure growth of the merchant marine of both countries.

- Construction of a coordinated hard-surfaced highway system to serve Alaska, British Columbia and the Yukon.

(A study conducted for the commission last year by the Battelle Memorial Institute of Columbus, Ohio, found that an Alaska rail link would cost more than \$400 million to build and would involve an annual operating subsidy of about \$34 million.

## RAILROADING AFTER HOURS WITH JIM LYNE

**HERE'S THE BIG TROUBLE**—Here's a quotation that hits me as embracing a lot of wisdom: "The spectacular gains in [industrial] productivity are made possible by investors, scientists and engineers—yet the gains are pretty completely appropriated by labor which pushes up its wages far faster than the rise in output per man-hour. Today the process of exploitation in capitalist America is dramatically opposite to the process described by Karl Marx. Marx thought that capital exploited labor, but in America today labor exploits capital, science and engineering. How long will the public tolerate this topsy-turvy system by which the routine workers appropriate the gains made possible by the risk-takers and innovators?"

The author of that paragraph was the late Professor Sumner Slichter, one of the nation's best-known economists, and the quotation was included by the McGraw-Hill Company's Dexter Keezer in remarks reported on p. 562 of the proceedings of last December's annual meeting of the American Economic Association. Wage inflation is also, of course, a big job destroyer; and it is especially harmful in an industry such as railroads where wages are so large a ratio of total expense. Wage inflation does a minimum of harm in such industries as electric power, where the wage bill is only a fraction of total expense.

**WHAT FARE IS BEST?**—I have long believed it is possible to find out what the optimum passenger fare is (the one that will produce the highest net earnings—or, anyhow, minimize the losses). Of course, such a fare will vary from railroad to railroad and between different runs on the same railroad. Ed Riecks of the B&O has shown us a letter, from a lawyer, telling of a considerable trip a couple of high school girls took, because of a reduced round-trip coach rate. He added the cheerful news that a lot of other passengers have been attracted by these rates. People won't ride trains *just* because of attractive fares, but they help.

I get the impression that there are at least some railroad runs that would respond to aggressive merchandising (service, pricing, publicity) of the kind most airlines are doing. But finding out *just* what the "optimum" price is takes systematic and continued experimenting.

Costs of hauling passengers are not strictly propor-

tionate to length of haul, and I've often wondered why (apart from ease of calculation) rates should be on a uniform mileage basis.

**THAT TV SHOW**—Everybody I've talked to is unhappy (or worse) about that May 23 documentary TV railroad show that NBC put on. The commuter business in 1960 brought in 1.3% of total railroad revenues—yet NBC devoted practically its whole presentation to this little splinter of the industry's total service; and ignored freight traffic completely—which brings in 83% of all revenue.

There's not much use quarreling with facts, though. And it is a fact that the entertainment and popular magazine businesses are largely in the hands of commuters; and, when they portray railroads, you can be pretty sure they'll overemphasize the small part of the business they see the most of. If a railroad can't afford to keep this service attractive, it might be better to sell out (if possible) to the local transit operation. It's a little rugged to lose millions in providing a philanthropic service, and get nothing in return but insults and ill-will and an unattractive "public image."

**'SELECTIVE' RATES**—George C. Frank (Erie-Lackawanna) fortifies my illustration of the effort of railroads' rivals to impute evil to good words and good deeds. I contended that "selective rate-cutting" is being hurled at railroads as an epithet—when, actually, railroads should be boasting of such changes. I said that people who are trying to make this praiseworthy practice look bad are up to the same trick as the fellow who criticized a certain college because, he said accusingly, at that institution the men and women students matriculate together. Not only that (GCF reminds me) but the boys and girls at this misguided college are required to use the same curriculum.

Innocent deeds can be made to seem evil, if the words that denote them are uttered like accusations.

There's no more reason why railroad rates should go up and down by uniform percentages than there should be for prices in Sears Roebuck's catalog to be altered in that unrealistic manner. It isn't "selective rate-cutting" (or increasing) that's bad—the bad lies in *not* making changes, up or down, when and where they're needed.

## Current Publications

### NEW BOOKS

**AMERICAN RAILROADS**, by John F. Stover, 302 pages, illustrations, maps. The Chicago History of American Civilization Series, The University of Chicago Press, 5750 Ellis ave., Chicago. \$5.

**U.S. TRANSPORTATION: RESOURCES, PERFORMANCE AND PROBLEMS.** A collection of papers prepared for the Transportation Research Conference convened by the National Academy of Sciences at Woods Hole, Mass., August, 1960. 319 pages, tables, charts. Publication 841-S (Supplement to Publication 841). National Academy of Sciences-National Research Council, 2101 Constitution ave., Washington 25, D.C. \$4.

**TRANSPORTATION DESIGN CONSIDERATIONS.** Selections from the Proceedings of the Transportation Research Conference convened by the National Academy of Sciences at Woods Hole, Mass., August, 1960. 243 pages, charts. Publication 841. National Academy of Sciences-National Research Council, 2101 Constitution ave., Washington 25, D.C. \$4.

**PHYSICAL DISTRIBUTION MANAGEMENT: LOGISTICS PROBLEMS OF THE FIRM**, by E. W. Smykay, D. J. Bowersox and F. H. Mossman. 283 pages, charts, tables. The Macmillan Company, 60 Fifth ave., New York 11. \$6.

**THE U.S. INDUSTRIAL OUTLOOK FOR 1961; 91 SELECTED INDUSTRIES.** 262 pages, tables. United States Department of Commerce, Business and Defense Services Administration. Available from Government Printing Office, Washington 25, D.C. \$1.75.

**ECONOMIC ATLAS OF THE PITTSBURGH-YOUNGSTOWN ECONOMIC AREA**, edited by Arthur Longini, with a foreword by John W. Barriger. 46 pages. Pittsburgh & Lake Erie Railroad Company, Pittsburgh.

**AMERICAN BUILDING ART; THE TWENTIETH CENTURY**, by Carl W. Condit. 427 pages, illustrations, drawings. Oxford University Press, 417 Fifth ave., New York 16. \$15.

**THE INTERPRETATION OF FREIGHT TARIFFS**, by Edward A. Starr. 189 pages, charts. The Transportation Press, 1410 East Lancaster, Fort Worth 3. \$5.

**RAILROADS IN THE WOODS** (the complete picture book on railroad logging), by John T. Labbe and Vernon Goe. 269 pages, illustrations. Howell-North Books, 1050 Parker St., Berkeley 10, Cal. \$10.

### Dividends Declared

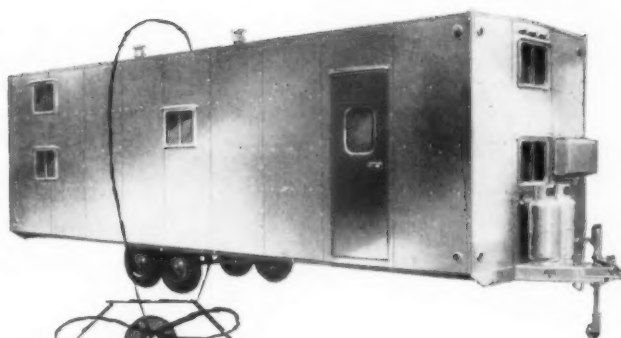
**CHESAPEAKE & OHIO.**—C&O common, \$1, quarterly, payable June 20 to holders of record June 1; concurrently, a second C&O "dividend" accrual of 37¼¢ will be made for B&O shareholders who accepted C&O's stock exchange offer; C&O 3½% convertible preferred, 87½¢, payable Aug. 1 to holders of record July 7.

**MISSOURI PACIFIC.**—Class A, 60¢, quarterly, payable July 1 to holders of record June 16.

**NEW YORK, CHICAGO & ST. LOUIS.**—common, 50¢, quarterly, payable July 1 to holders of record May 26.

**PITTSBURGH, YOUNGSTOWN & ASHTABULA.**—7% preferred, \$1.75, quarterly, paid June 1 to holders of record May 19.

**ST. LOUIS-SAN FRANCISCO.**—25¢, payable June 15 to holders of record June 1.



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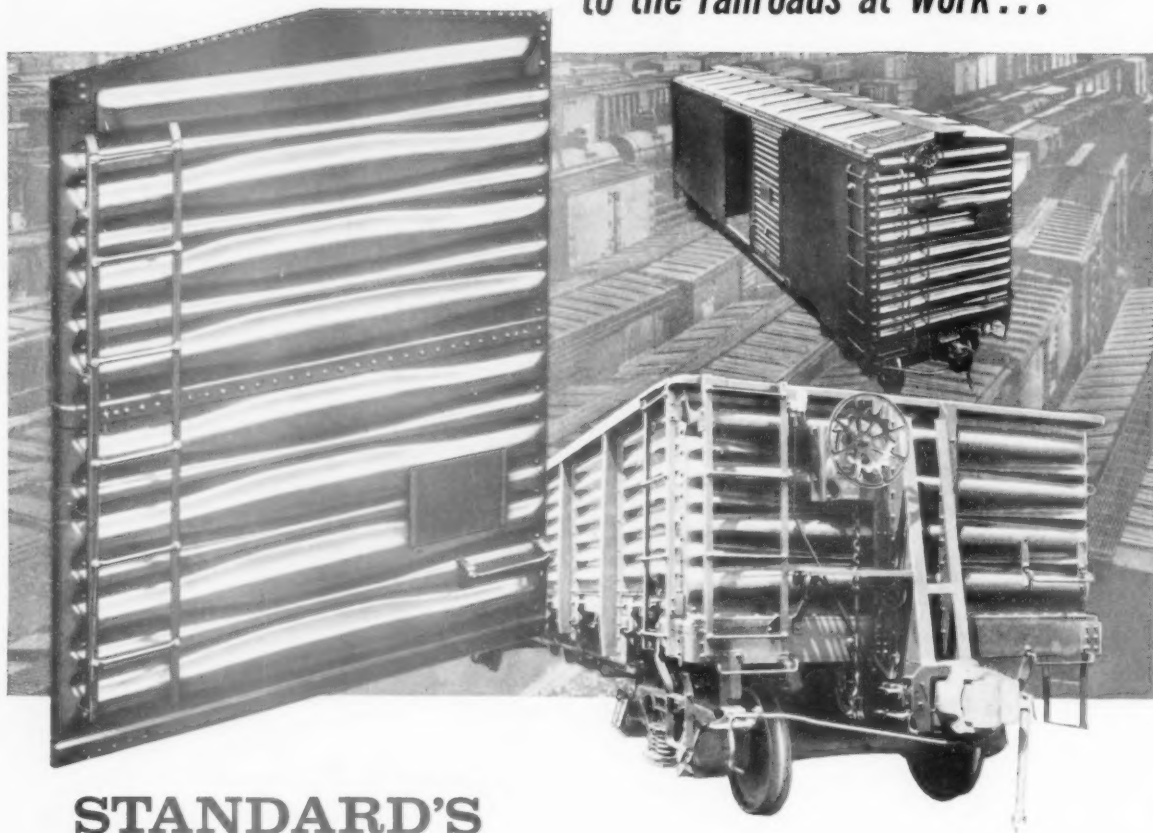
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# NEW PRODUCTS REPORT



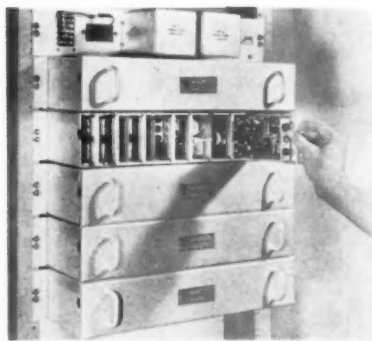
**Lubrication Kit (RA-1)**

The PM-506-8 lubrication kit includes pump, meter, and hose. The Prime-Alemite roller bearing lubricator features the Prime-PM-412 meter which provides a positive measure quantity of lubricant (in oz) to journal boxes. Two meter models are available—the PM-412-4 calibrated from zero to 4 oz, and the PM-412-8 calibrated from zero to 8 oz. The meter can be pump mounted. *Prime Manufacturing Co., Dept. RA, 1669 South First St., Milwaukee 4.*



**Warning Panels (RA-2)**

Self-sticking diagonally striped panels give visual signal of safety hazards or mark the location of protective or safety equipment. The panels are of vinyl plastic. Stock colors are yellow and black and are available in three sizes: 5½ by 17 in., 11 by 17 in., and 17 by 17 in. The colored striping is imbedded in the plastic and won't fade or wear off. Panels may be used indoors or outside. *W. H. Brady Co., Dept. RA, 727 Glendale Ave., Milwaukee 9.*



**Transistorized Carrier (RA-3)**

The 565 eight-channel transistorized carrier systems include type 565 for short-haul trunk service and type 561 subscriber carrier for expansion of party or branch lines. The system provides eight channels in a band of 24 to 239 kc. Each terminal consumes 3.2 watts, non-compandored. Signaling on the trunk carrier (565) is E and M leads. *General Dynamics/Electronics, Dept. RA, 100 Carlson Road, Rochester 3, N.Y.*

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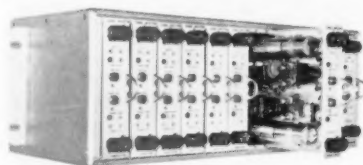
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# NEW PRODUCTS REPORT



**Microwave Carrier (RA-4)**

A completely transistorized microwave carrier system, the MX-106, requires only one-fifth the rack space and consumes only one-eighth the power of similar tube equipment. The system handles up to 600 voice channels. Standby features of the system include 100% backup of any equipment common to 12 or more channels. *Microwave Sales, Dept. RA, Collins Radio Co., 1930 Hi-Line Drive, Dallas, Texas.*



**Facsimile System (RA-5)**

Datafax is a system for transmission and reproduction of pictures, handwritten or printed data over telephone circuits. Transmission is automatic and it may be operated by nontechnical personnel. Copy area is 8 3/8 in. wide by any length (receiver shown). Models are available for transmission speeds of 180 or 360 lines per minute. *Electronics, Division of Stewart-Warner Corp., Dept. RA, 1300 N. Kostner Ave., Chicago 51, Ill.*

**Elbow (RA-7)**

Bucket access from the floor of the truck body is a feature of the LD-40 elbow. It reaches to a working height of 40 ft and can be operated by one man. It can be used to its maximum range carrying a payload of 300 lb, without the use of outriggers. The metered remote controls are located on the inboard edge of the bucket, and the slave and main controls on the superstructure. *Holan Corp., Dept. RA, 4100 W. 150th St., Cleveland 35, Ohio.*

**Microwave System (RA-8)**

The LMR-20 microwave system provides duplex (simultaneous transmit and receive) multi-channel service for complete fixed path communications for voice, control and data transmission applications. The system operates on 6,575-6,875 mc. It can provide from 1 to 600 channels with no penalty to the small user who must start with 12 channels or less. *Lynch Communications Inc., Dept. RA, 695 Bryant St., San Francisco 7, Cal.*

**Rectifier Charger (RA-6)**

Exide rectifier battery chargers use silicon diodes and a magnetic amplifier. These chargers maintain voltages within 1%—from zero to full load current, when operating at the float voltage setting. Model UR-24-1-3 (shown) is for charging 23-25 lead-acid or equivalent nickel-cadmium cells. Output is 3 amp DC and AC input is 3.2 amp at 115 volts. *Exide Industrial Division, Dept. RA, The Electric Storage Battery Co., P.O. Box 5723, Philadelphia 20, Pa.*



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NAME ..... TITLE .....

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ADDRESS .....

CITY ..... ZONE ..... STATE .....

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# Market Outlook

## Carloadings

Loadings of revenue freight for the week ended May 27 were not available as this issue went to press.

Loadings of revenue freight for the week ended May 20 totaled 568,457 cars; the summary, compiled by the Car Service Division, AAR, follows:

REVENUE FREIGHT CARLOADINGS For the week ended Saturday, May 20			
District	1961	1960	1959
Eastern .....	80,928	92,540	102,275
Allegheny .....	91,628	114,441	129,545
Poconantas .....	48,226	54,497	56,990
Southern .....	113,279	117,109	113,673
Northwestern .....	76,073	101,659	111,050
Central Western .....	109,800	108,613	119,813
Southwestern .....	48,523	47,994	52,806
Total Western Districts .....	234,396	258,266	283,669
Total All Roads .....	568,457	636,853	686,152
Commodities:			
Grain and grain products .....	52,408	43,031	48,634
Livestock .....	3,791	4,938	4,921
Coal .....	98,269	107,323	109,948
Coke .....	6,713	8,300	10,830
Forest Products .....	37,991	39,186	41,020
Ore .....	35,622	73,611	78,028
Merchandise l.c.l. .....	29,220	36,272	41,411
Miscellaneous .....	304,443	324,192	351,360
May 20 .....	568,457	636,853	686,152
May 13 .....	551,405	640,005	692,996
May 6 .....	543,544	641,800	678,160
April 29 .....	544,356	643,328	676,194
April 22 .....	533,435	625,410	649,319
Cumulative total, 20 weeks .....	10,152,697	11,987,555	12,194,690

### PIGGYBACK CARLOADINGS.—

U. S. piggyback loadings for the week ended May 20 totaled 12,121 cars, compared with 10,927 for the corresponding 1960 week. Loadings for 1961 up to May 20 totaled 215,827 cars, compared with 210,064 for the corresponding period of 1960.

**IN CANADA.**—Carloadings for the seven-day period ended May 14 totaled 71,163 cars, compared with 72,620 for the previous seven-day period, according to the Dominion Bureau of Statistics.

	Revenue Cars Loaded	Total Cars Rec'd from Connections
Totals for Canada		
May 14, 1961 .....	71,163	24,796
May 14, 1960 .....	77,371	27,407
Cumulative Totals		
May 14, 1961 .....	1,145,204	473,759
May 14, 1960 .....	1,279,102	560,022

## New Equipment

### FREIGHT TRAIN CARS

► **Kansas City Southern.**—Ordered 200 all-steel, 50½-ft, 70-ton box cars with 9-ft doors and roller bearings. Pullman-Standard will build 150 of the cars (100 with cushion-type underframes and 50 with Evans DF loading devices). ACF will furnish the remaining 50 cars, which will also be equipped with Evans DF loading devices.

► **New York Central.**—Ordered 500 new box cars from its Despatch shops, East Rochester, N. Y., at a cost of \$5,316,000 (RA, May 22, p. 39). Delivery will begin in July.

► **Bad Order Ratio 2.0% Higher Than Last Year.**—Class I roads on April 1 owned 1,649,727 freight cars, 26,136 less than a year ago, according to AAR report summarized below; bad order ratio was 2.0% higher than on April 1, 1960.

	April 1, 1961	April 1, 1960	Change
Car Ownership .....	1,649,727	1,675,863	-26,136
Waiting repairs .....	157,612	126,537	+31,075
Repair ratio .....	9.6%	7.6%	+2.0%

### PIGGYBACK

► **Trailer Train.**—Directors last week authorized the purchase of 500 additional flat cars. Orders have been placed for 335 of the new cars. ACF will build 75; Bethlehem Steel, 75; and Pullman-Standard 185, including 115 of a special low-profile design to provide maximum clearance. All will be equipped with roller bearings and, according to Trailer Train General Manager John E. Wightman, can be fitted later with auto racks by individual railroads. Deliveries will be completed by the end of June. The remaining 165 cars will be ordered in the near future. Mr. Wightman noted that this is the second 500-car acquisition authorized so far this year (RA, May 15, p. 59) and added: "The remarkable growth of Trailer Train parallels the continuing expansion of piggyback volume on the lines of our 35 members, representing over 76% of the nation's rail network."

## New Facilities

► **Colombia.**—A coordinated capital investment program for railroads, highways, ports and airports is the objective of a survey to be jointly sponsored by the Government of Colombia and the World Bank. Two New York engineering firms—Coverdale & Colpitts and Parsons, Brinckerhoff, Quade & Douglas—will participate in the survey.

► **Kansas City Terminal Ry.**—Outside contractors are expected to begin work this month on a federally financed two-year project to equip KCT's double track, double-deck Kansas River bridge with hydraulic lifting apparatus as part of a Corps of Engineers flood control program at an estimated cost of \$2,500,000.

► **Norfolk & Western.**—Awarded two major contracts for its new \$19-million coal facility at Lamberts Point, Norfolk, Va. McLean Contracting Co., Baltimore, received a \$2.4-million contract for construction of the pier up to floor level and the bulkhead at its land end. Norfolk Dredging Co. received a \$500,000-plus dredging contract.

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## Unregulated Carriage Called Root of Transport Problem

ICC Chairman Everett Hutchinson, declaring that the growth of unregulated private and common carriage is the basis of today's transportation problem, has outlined a formula for combating it.

He told members of the Southwest Shippers Advisory Board: "Transportation cannot forever meet the needs of the commerce of the nation, the postal service, and of the national defense half regulated and half exempt."

Mr. Hutchinson said Congress tried to strengthen the railway system when it passed the Transportation Act of 1920, but none of the transportation agencies now has enough traffic to "attain the economic strength and vitality the Congress intended." The growth of other modes and the expanded volume of unregulated traffic since 1920 has led to the point where there "simply is not enough oats in the bin to feed the mule."

He urged Congress to recognize and do something about today's "transportation problem" just as it did about the "railroad problem" of 75 years ago. He offered these suggestions for moving to "new, high ground in transportation":

- Eliminate exemptions in Part II and Part III of the Act, particularly the agricultural commodities exemption and the dry bulk commodities exemption (with proper "grandfather" safeguards).

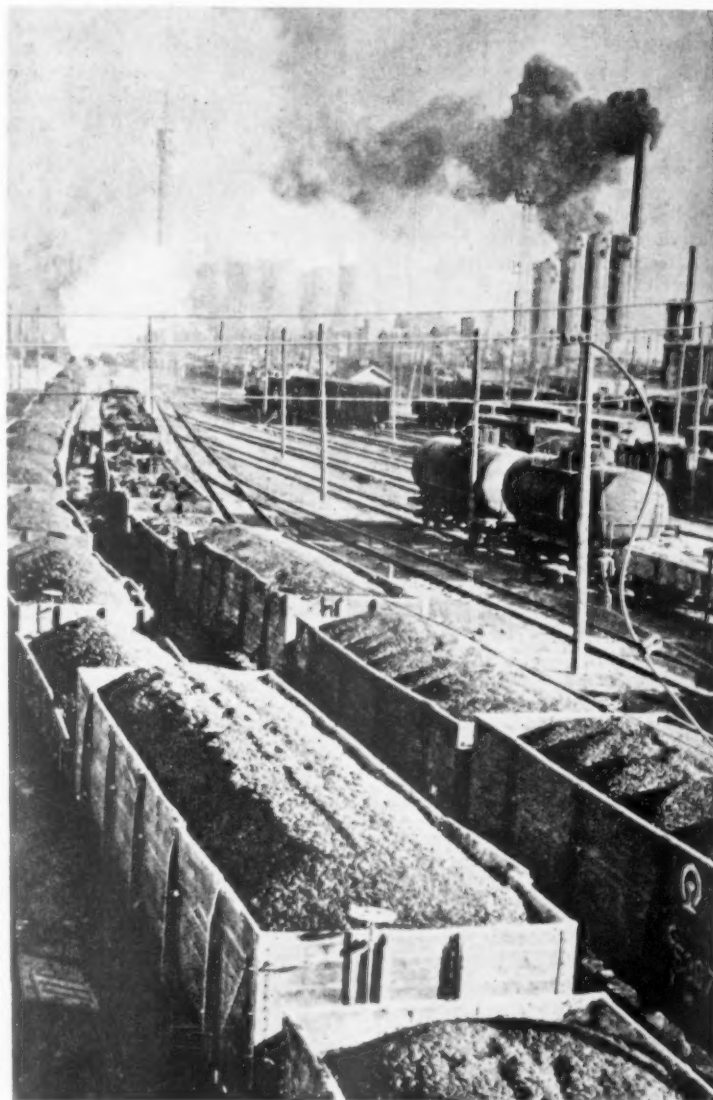
- As a user of transportation, make the federal government pay the same as all other users.

- Repeal the federal excise tax on passenger fares of common carriers.

## REB Updates, Adds Instruction Units

The Railway Educational Bureau's list of available instruction units will be increased by more than 20% by the end of 1961. Bureau Director B. C. Walters told railroad training directors meeting at REB's Omaha, Neb., offices recently. Since the group's last meeting (September 1960), he noted, 13% of the REB's units have been revised and updated.

Representatives of 10 companies attended the Omaha session, one of a series of meetings designed to provide an opportunity to study and discuss new REB training materials and to plan future materials and techniques. Companies represented were Union Pacific; Missouri Pacific; American Refrigerator Transit; Baltimore & Ohio; Chicago & Eastern Illinois; Northern Pacific; Great Northern; Rock Island; Erie-Lackawanna; and Elgin, Joliet & Eastern.



## U.S. Influence Lingers in China

Red China is still enjoying some of the fruits of capitalism, as this recent photo from behind the Bamboo Curtain shows. Coal-loaded wooden gondola in foreground follows American design, is similar to cars exported to China by U.S. manufacturers around 1912. Vertical handbrake shaft and wheel is typically "old-style" American. Swinging side doors permit manual loading and unloading. Cars in photo were loaded at Liaoning coal field. Reports from China tell of increasing emphasis on railways as an economic tool. Vast pro-

grams are under way to expand the national railway network (RA, July 20, 1959, p. 34)—and now "local railways" have become a "people's" project. Constructed without diverting labor or materials from national projects, some local lines have been built with "rails chiseled from stone or made of wood or pottery." Locomotives are often adapted from gasoline or diesel truck and automobile engines. Purpose of these lines is to fill gaps between mines and smelters, factories and docks, agricultural communes and local markets.

# Perlman: A Plea and a Prediction

New York Central President A. E. Perlman told the National Press Club last week that the railroads can achieve massive technical breakthroughs in the next decade—"provided prompt action is taken to bring equity among all the nation's carriers."

Carrying the industry's plea for equal treatment to an audience often considered to be the most influential in America—the Washington press corps—Mr. Perlman predicted that, by 1970, the railroads would be offering the following facilities if given the chance:

- New lightweight metal freight containers—interchangeable with every mode of transport—that would replace today's conventional freight cars.

- Completely-automatic trains, running under electronic controls. Express trains, said Mr. Perlman, could deliver goods to major cities on one-day schedules, and coast-to-coast service would take as little as three days.

- Integrated transportation so that a businessman could buy, from a railroad, freight service by rail, air, highway or water—or a combination of any of these four, depending on the speed and cost desired.

- Fast, streamlined commuter trains providing low-cost service to metropolitan stations, where passengers would be fanned out by bus and subway. Because increasing numbers of passengers would use this attractive service, Mr. Perlman said, funds now channeled into highway construction

would be freed for more vital purposes.

But breakthroughs like these, asserted the NYC president, depend on removal of the present inequities of public policy.

As the situation now stands, he said, the future of public transportation under private ownership is in jeopardy, and the danger will remain until common carriers are given the same regulatory freedom that private carriers already enjoy.

Mr. Perlman noted that at the present time all modes of common carriage—rail, highway, water and air—are in precarious financial condition or at best earning marginal profits which are totally "insufficient" for continuing survival and progress.

He traced the trouble to the fact that common carriers are now restricted to the point where they are forbidden to diversify their services. At the same time, he said, private carriers of all modes "flourish in the sunshine and fresh air of non-regulation."

He concluded: "It is time for a complete cure; for a reexamination of our transportation policy; for an updating of the archaic concepts that bind us to the past and prevent us from looking to the future."

Responding to questions, Mr. Perlman said Central is trying to stay in the passenger business, but pointed out that it can't do anything if the passengers desert it. He noted that 51% of the public passenger business has disappeared since opening of the New

York Thruway.

Government ownership of railroads, he said, would surely solve his personal problems. But he's not sure it would solve the country's transport problems.

Asked whether monopoly would result from a granting of the railroads' plea for authority to operate other modes of transport, the NYC president cited the situation in Canada. Diversification is permitted there without any such result, he explained.

When asked why the same objective could not be achieved by joint-rate and through-route arrangements between railroads and other modes, Mr. Perlman made this reply: "Just try to get a truck line to take from you the bedsprings and the cornflakes and you'll get the answer quickly."

On the merger question, Mr. Perlman denied that NYC's withdrawal from joint studies with the Pennsylvania had been "abrupt." He said it came after PRR officers and directors had been advised of NYC misgivings about consolidating two such large roads. As to the proposed B&O-C&O merger, he said this prospect did not trouble him as much as system-building among PRR affiliates. If other eastern roads don't get together and build another system, "this octopus will destroy them," Mr. Perlman added.

There was one question about "selective rate cutting." From a premise saying this type of pricing started in 1955, the question went on to ask if that had anything to do with the decline in railroad earnings. Mr. Perlman said the decline came because the railroads did not start "selective rate cutting" in 1950.

Asked what is wrong about piggybacking, Mr. Perlman said: "The truckers and Hoffa can tell you what's wrong. I think it's a natural because it gives shippers the advantage of short hauls on rubber and long hauls on rails."

Without endorsing a Department of Transportation specifically, Mr. Perlman said something should be done to give railroads the same consideration that the federal government gives other modes. He noted that the Department of Commerce has promotional duties as to other modes, but the only government agency concerned with railroads is the ICC, whose role is "to keep them from sin." In the Department of Commerce, railroadman has been a "dirty word," Mr. Perlman went on. He recalled that, "three or four years ago," the undersecretary for transportation "wouldn't be seen in public with me."

## Superintendents Meet in Chicago

A mock discipline investigation and a tour of the AAR Research Center will highlight the 65th annual meeting of the American Association of Railroad Superintendents, which begins June 6, at the LaSalle Hotel in Chicago.

During the three-day convention, AARS members will hear addresses by C. D. Buford, vice president operations and maintenance department, AAR; J. R. McMillan, vice president, Canadian National; and R. A. Emerson, vice president, Canadian Pacific.

Committee reports up for discussion at the sessions will cover five main topics:

- Piggyback and containerization.
- Service dependability as related to advertised schedules.
- Effective safety action.
- Methods of building an effective organization.
- Ways and means of expediting traffic through yards and terminals.

A. J. Cowie, superintendent, Canadian Pacific, Regina, Sask., is president of the association for 1960-61.



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L. E. Mitchell  
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H. J. Carr  
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## Supply Trade

John M. Schreiber has been named manager, rail department, **Commercial Metals Co.** at Chicago. He will be in charge of sales and purchases of new and used railroad rails and track accessories.

S. S. Kahn, senior vice president, **Parker-Kalon**, division of **General American Transportation Corp.**, has been appointed president, succeeding **William T. Ylvisaker** (RA, May 22, p. 43).

Edward J. Sherwood has been elected vice president of sales and a director, **Youngstown Steel Car Corp.**, Niles, Ohio. **Thomas J. Healy** has been appointed assistant secretary and treasurer. Mr. Sherwood was formerly sales manager. Mr. Healy was formerly with **Thompson Ramo Wooldridge Co.** of Cleveland.

George L. Green, sales vice president, **Pullman-Standard**, has been elected vice president in charge of marketing, to succeed **T. P. Gorter**, who continues as a vice president-sales.

## OBITUARY

James W. Crossett, 52, district manager, railway publications, **Simmons-Boardman Publishing Corp.**, Chicago, since 1956, died May 26 at Hinsdale Sanatorium and Hospital, Hinsdale, Ill. Mr. Crossett joined **Simmons-Boardman** in January 1953 as editor of **Railway Freight Traffic**.

# PEOPLE IN THE NEWS

**CANADIAN PACIFIC.**—Joseph U. Brazeau, manager, **Quebec Central**, Sherbrooke, Que., appointed assistant general manager, Atlantic region, CPR, Montreal, succeeding **Frank A. Pouliot**, retired. **G. E. Benoit**, assistant superintendent, Montreal Terminals division, CPR, succeeds Mr. Brazeau. **J. K. Leslie**, assistant superintendent, Schreiber, Ont., succeeds Mr. Benoit.

**CHICAGO & EASTERN ILLINOIS.**—Harvard R. Osmond, vice president-coal traffic, Chicago, promoted to vice president-traffic, Chicago Heights, Ill., succeeding **George A. Craig**, resigned to become assistant vice president—marketing, **Texas & Pacific** (RA, May 29, p. 74). Mr. Osmond will have jurisdiction over coal traffic as well as general traffic. **R. E. Miller** appointed assistant vice president-traffic, and **B. H. Ockey** named assistant coal traffic manager, both at Chicago.

**CHICAGO & NORTH WESTERN.**—Harold P. Gardella named district sales agent, Madison, Wis.

**JERSEY CENTRAL.**—Howard E. Simpson, chairman and chief executive officer of the **Baltimore & Ohio**, elected a director, chairman of the board and member of the executive committee of the CNJ, succeeding in all three capacities **Roy B. White**, named honorary chairman.

**LOUISVILLE & NASHVILLE.**—Raymond E. Bisha, director of industrial development, Louisville, Ky., appointed assistant to the president, **Alfred James, Jr.**, assistant director of industrial development, succeeds Mr. Bisha.

**MILWAUKEE MOTOR TRANSPORTATION CO.**—**Alfred C. Schaar** appointed manager of operations, Rapid City, S. D. He was formerly assistant to president, **Buckingham Transportation Co.**, Rapid City.

**MISSOURI-KANSAS-TEXAS.**—L. E. Mitchell, assistant general rate manager, St. Louis, named general rate manager there, to succeed **H. J. Carr**, appointed assistant vice president—rates.

**MISSOURI PACIFIC.**—Arthur F. Hughes appointed industrial agent, St. Louis, replacing **John K. Wesley**, promoted (RA, May 29, p. 74).

**Eugene H. Martin**, general agent, Colorado Springs, Colo., retired May 31.

**NATIONAL RAILROAD ADJUSTMENT BOARD.**—George L. Naylor, assistant manager of personnel, **Southern Pacific**, San Francisco, be-

came a carrier member, Third Division, NRAB, Chicago, on June 1.

**NEW HAVEN.**—**William Scheibler**, general superintendent, New Haven, Conn., appointed general manager, with jurisdiction over the division superintendents, general road foreman of engines, superintendent freight transportation, superintendent passenger transportation, superintendent car service, manager specialized operations, and superintendent of rules. **James J. Duffy**, director labor relations and personnel, has complete jurisdiction over the department of labor relations and personnel, succeeding **J. J. Gaherin**, vice president, resigned. The title of vice president of that department has been abolished.

**NEW YORK CENTRAL.**—George C. Churcher, supervisor of training—mechanical, retired May 31, and that position abolished. Duties formerly assigned to that position will be handled by **E. L. Hyatt**, supervisor of safety and training—mechanical.

**NICKEL PLATE.**—**Eugene M. Smith**, vice president and general counsel, Cleveland, Ohio, named vice president—law. **Thomas O. Braker**, assistant general counsel, appointed vice president and general counsel. **Edgar G. Parker**, assistant comptroller, promoted to comptroller, succeeding **J. T. Schenkel**, who retired May 31.

**NORFOLK & WESTERN.**—**Robert W. Phillips**, district freight agent, Chicago, appointed general agent, San Francisco, succeeding **E. Townsend Ayers**, who retired May 31.

**NORTHERN PACIFIC.**—**L. L. Johnston**, assistant chief dispatcher, Minneapolis, Minn., named trainmaster, Lake Superior division, Duluth, Minn., succeeding **J. F. Peterson**, who retired June 1.

**REA EXPRESS.**—**Robert C. Beans**, superintendent of organization, New York, named superintendent, Detroit-Michigan division at Detroit, succeeding **H. J. Kuhns**, transferred.

**SOUTHERN.**—**Wilbur G. Cox**, commercial agent, New Orleans, La., appointed district freight and passenger agent there. **Conley S. Boothe**, district freight agent, Laurel, Miss., named assistant general freight agent, New Orleans.

## OBITUARY

**Harry N. Collins**, 53, president and general manager, Chicago, **West Pullman & Southern**, died May 26 in South Shore Hospital, Chicago.

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## You Ought To Know...

**A new shipper-loaded** small container service developed by REA Express will be inaugurated June 6. Use of REA's special 80-cu-ft wire mesh containers will provide shippers with lower transport costs, faster shipping, and greater in-transit protection of lading, REA says. Split-lot deliveries will be avoided and the time and cost of outer packing of the containerized goods will be eliminated.

**Government guaranty** of another \$1,000,000 loan is sought by Boston & Maine in an application filed with the ICC. Proceeds would reimburse the road's treasury for capital expenditures made between Jan. 1, 1957, and Sept. 30, 1960.

**Chicago North Shore & Milwaukee** employees agreed to accept a temporary wage cut amounting to \$125,000 annually if an additional \$250,000 can be raised by a fare increase and reduced track rental to help keep the ailing commuter line in operation. Efforts to reduce CNS&M's annual deficit hinge on ICC action delaying abandonment of the line until December 1962.

**CB&Q workers** will be kept informed of industry news and system developments by the new Burlington Bulletin. Issue No. 1 of the 8-page monthly publication has just come off the presses and is being sent to all Burlington employees.

**Proposed Pacific Northern Railway** appears to have been indefinitely sidetracked, at least so far as construction under the present agreement between the British Columbia government and Wenner-Gren interests is concerned. First anniversary of the company's incorporation—which provided that construction had to begin in earnest within twelve months time—came and went May 24 with only token construction having begun.

**New incentive freight rates** covering movement of goods between specific points in an experimental area of central Canada will be introduced by Canadian National this week. The rates, applicable to standard box-car shipments weighing from 20,000 lb to 120,000 lb, are designed to encourage loading toward full box-car capacity. Under the new rates, for example, a 30,000-lb shipment between two points would cost the shipper 84 cents per cwt; the rate would drop to 63 cents at 60,000 lb and to 57 cents for 120,000 lb. A special rate scale will be available for bulky commodities, where space rather than weight is a consideration. Some commodities will take specific commodity rates rather than rates from the incentive scale. The road plans to extend the area in which the incentive rates are available.

**Last year's passenger deficit** turned out to have been under \$500 million for the first time since 1947—as estimated some time ago by AAR's J. Elmer Monroe (RA, March 27, p. 7). The exact figure, as reported by the ICC, was \$485.2 million. It compares with 1959's deficit of \$544 million.

**First prize of \$500** in the Clyde B. Aitchison Essay Award contest (RA, Dec. 12, 1960, p. 52) went to Dr. George W. Hilton, post-doctoral fellow at the Northwestern Transportation Center. Second prize of \$250 was awarded to Lester M. Bridgman, Washington, D. C., attorney. Winners of \$100 prizes were Phil C. Beverly, Atlantic Coast Line general attorney; Herbert J. Korbel, New York Central attorney; and Alan M. White, assistant to the director, pricing division, REA Express. Contest was sponsored by the Association of Interstate Commerce Commission Practitioners.

**Pros and cons of S.1197** (the bill railroads claim would emasculate the rate-freedom provision of the 1958 Transportation Act) will be presented at a June 6 Transportation Forum of the Toledo (Ohio) Area Chamber of Commerce. PRR Assistant General Counsel Carl Helmetag, Jr., will present the railroad viewpoint.

**Evans Products Co.** has been charged by Sparton Corp. with "unlawful restraint of trade" in the sale of freight-loading equipment to railroads. Sparton filed the civil action in a U. S. District Court in Detroit. Sparton charges that, prior to its entry in the field in 1957, Evans did over 90% of the business in the particular type of equipment involved in the litigation. While this percentage has been reduced, they say, there is still a monopoly "in violation of the Sherman and Clayton [anti-trust] Acts."

**The nation's first Arts and Crafts Train** will tour Kentucky later this year to "suggest new sources of income for communities suffering from under-employment." A coach and baggage car donated by L&N will be converted into an exhibition gallery, workshops and living quarters by the Kentucky Guild of Artists and Craftsmen. L&N will transport the train over its lines at no cost to the sponsors.

**Common carriers** must work together for solutions to common problems, AAR President D. P. Loomis told the Great Lakes Conference, Railroad and Utilities Commissioners, at White Sulphur Springs, W. Va. "After all," he said, "if the railroads or any other great transportation system should stumble and fall, no one will escape the devastating impact." He urged support for the railroads' "Magna Carta" legislative program, declaring that it will "provide enduring benefits to the whole nation."

### Why Perlman Flew

Following a speech at the National Press Club last week (see page 38), President A. E. Perlman of the New York Central was asked how he had come to Washington—by rail, automobile or air? Here's his answer:

"I was trying to save the Pennsylvania some money. They lose money on every passenger. So I let Uncle Sam subsidize me. I came by air."



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# Tell the Public All the Truth

The original Magna Carta was not just a list of concessions that the barons at Runnymede respectfully requested King John to make to them. Quite the contrary. The restrictions on the royal powers were exacted of the king against his will; and they became a working prescription only when he had signed the document.

Thus, the 'four freedoms' Magna Carta the railroads have requested "the Congress of the United States and the governing authorities" to concede will become a real charter only when government agrees to it. Government today is hardly any more enthusiastic than it was in the days of King John to set limits on its power—unless convinced that its petitioners have a lot of political muscle to back up their polite requests.

Where is this persuasive strength going to come from? Railroad managements, alone, certainly do not have it. If the full content of the 'four freedoms' is going to be conceded to the railroads, it will be only because intelligent and informed public opinion gets behind them. And leaders of industry, finance, agriculture and education are not going to drop their own immediate concerns—to join a crusade in behalf of railroads—unless they are overwhelmingly convinced that the national interest and safety requires it.

Railroads are, of course, making a lot of progress in enlisting the understanding support of such public-spirited citizens. For example, the opposition such people have expressed to the emasculating of Section 15 a (3)—the rule of rate-making enacted in 1958—has been most heartening. But merely holding the line against further restrictive regulation is not going to be enough to prevent disaster to some major railroads within the next year or eighteen months.

## REAL TROUBLE IN PLACES

*Here is the important distinction in the situations of individual railroads:* All of them need the 'four freedoms' (plus two or three more) for their long-run efficiency and health—but there are some railroads whose needs are much more acute and immediate than the others. Some railroads have got to get the more onerous governmental mistreatment off their backs in a relatively few months, or they are going broke. Even worse than going broke, some of them may even have to suspend service, in whole or in part.

The precarious situation of individual railroads is not a matter that can be appropriately publicized by

the Association of American Railroads. Its job is to speak for the industry as a whole—and the majority of major member railroads are not, as yet, in acute danger. The traffic and earnings and balance sheet figures, reflecting the average condition of railroads as a whole, fall far short of conveying an adequate picture of where the real danger lies, which is in the highly precarious position of some major individual lines. Nobody except the chief executives of those railroads has the authoritative knowledge necessary to tell the public the essential facts.

## WOULD AID 'MAGNA CARTA'

It does no disservice to the Magna Carta program (but quite the contrary) when individual executives express opinions that go beyond that of the declaration. For example, on May 18, Wayne Johnston of the Illinois Central (which is certainly not one of the railroads acutely threatened) made an address in which he advanced some practical suggestions for converting the 'four freedoms' from words into action. Specifically, he strongly urged joint conferences of railroad managements with rival transportation agencies and the railway unions in the effort to get agreement on issues now in dispute. Such agreement on these issues would benefit all parties; and anyone in a position to act favorably on this advice would be doing a public service to go ahead and do it.

But the public needs to hear, also, a great deal more than it has from railroads with troubles so acute that they can't wait for long-range remedies. Gradual treatment over a term of years will not prevent some major fatalities among these railroads. It is up to the managements of these companies to make known the degree of their peril, and to ask specifically for at least the minimal measures needed to forestall disaster. Railroads which are in immediate danger have a story of vital importance to tell—to regulators, to shippers, and to opinion leaders in the territory they serve. There's no reason to doubt that such reports, fully supported by tangible evidence, would get results.

Some knowledgeable railroad people are predicting (so far, mostly in private conversations) that this or that particular railroad will be out of business in two, three, or five years—unless its earnings rise by 10%, or its taxes are reduced 50%, or unless some similar condition is met. If such a condition is a fact (and who can doubt that, in some cases, it is?), then the public should be told. Vigorous and timely remedies are not likely to be applied in the absence of candid and authoritative diagnosis.

Frank talk from individual chief executives—not merely on the industry's program, but on their own company's needs—would not detract from the Magna Carta objective, but should greatly strengthen its chances of acceptance.



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